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Arbitration Bills Finally Appear

Long-anticipated legislation relating to arbitration finally surfaced this week, via amendment to bills introduced earlier. The legislation, announced at a press conference last March 11 by a bipartisan delegation of the Assembly Judiciary Committee, including its current and former chairs, would do the following:

- [AB 2504 \(Jackson\)](#) -- Enacts a minimum "rest period" before a public judge may accept employment as an arbitrator after s/he leaves the bench, and prohibits recruitment of sitting judges by private judging corporations.
- [AB 2574 \(Harmon\)](#) -- Prohibits private judging corporations from investing in or creating other financial relationships with parties in mandatory consumer arbitration cases.
- [AB 2656 \(Corbett\)](#) -- Requires that private judging corporations collect and publish data regarding the outcome of mandatory consumer arbitrations.
- [AB 3029 \(Steinberg\)](#) -- Prohibits companies from designating an exclusive private judging corporation in the mandatory arbitration clause for consumer contracts. Prohibits private judging corporations that handle mandatory consumer arbitrations from engaging in any business with a party other than the direct provision of dispute resolution services. And regulates the manner in which private judging corporations may solicit

mandatory consumer arbitration business and/or market their consumer arbitration services to corporate parties.

- [AB 3030 \(Corbett\)](#) -- Clarifies that private judging corporations are not entitled to absolute immunity for any wrongdoing in mandatory consumer arbitrations, and disqualifies the private judging corporation and arbitrator from handling any further arbitration between the parties if a consumer arbitration award is set-aside for misconduct.

All the bills are scheduled to be heard in the Assembly Judiciary Committee on Tuesday, April 23.

Accounting Bill Package Introduced

In response to the Arthur Anderson/Enron revelations of recent months, the chairs of the Legislature's Business and Professions committees (Senator [Liz Figueroa](#) and Assembly Member [Lou Correa](#)) and two additional Assembly Members ([Dario Frommer](#) and [Howard Wayne](#)) held a press conference Monday, April 15, to announce a packet of legislation to deal with "ongoing problems with accounting conflicts of interest and the loss of investor confidence. . . to help ensure that California investors and taxpayers have the information and protections they need in the financial marketplace."

The four bills are:

- [AB 1995 \(Correa\)](#) -- Provide that an accounting licensee would not be considered independent for purposes of certifying an audit client's financial statements if the licensee's firm

performs non-audit services for the client or an affiliate of the client.

- [AB 2873](#) ([Frommer](#) and [Correa](#)) -- Provides that a licensee would not be considered independent for purposes of certifying the financial statements of an audit client that is a publicly traded corporation if the licensee has audited the financial statements of that client for more than 4 consecutive fiscal years, and makes other changes related to record-keeping requirements.
- [AB 2970](#) ([Wayne](#)) -- Currently a spot bill related to the definition of an accountancy corporation;
- [SB 2023](#) ([Figueroa](#)) -- Expedites the time by which, for renewal of registration, an initial peer review is required to be completed. Also would require firms subject to peer review to meet professional standards for attest services.

The bills are scheduled to be heard in their respective committees next Monday (for the Senate bill) and Tuesday (for the Assembly bills).

Next Key Legislative Deadlines

- April 26 is the last day for the Assembly and Senate policy committees to hear and send fiscal bills (introduced in their house) to their respective Appropriations Committee. *However, a number of committees are already in the process of obtaining rule waivers for a number of fiscal bills, so that they may be heard in policy committee the following week.*
- May 10 is the last day for policy committees to hear and send non-fiscal bills (introduced in their house) to the respective floor of their house. Once this is done, the entire house may vote for or against the bill.

Civil Filing Fee

Senate Budget and Fiscal Review Subcommittee 2 on Monday approved surcharges on several civil filing fees. The

surcharges are a component of Governor Davis' budget proposal for fiscal year 2002-03.

Under the surcharge increase plan approved by the subcommittee, a \$50 surcharge would be applied to civil filings submitted pursuant to Government Code Sections 26820.4 26826.0 and 26827.0. A surcharge of \$25 would be added to filings submitted pursuant to Government Code Sections 72055.0 and 72056. In addition, a five-dollar surcharge would be added to CCP 116.23 filings.

The surcharges were proposed by the governor as a means of providing relief to the State General Fund. Specifically, under the governor's proposal, the estimated \$15 million that would be raised via the surcharges would be dedicated to the Trial Court Improvement Fund, thereby providing an opportunity for the state to reduce General Fund support to the fund by a like amount.

Ostensibly, moneys appropriated to the fund would be used for court facilities construction and renovation. This long-term plan may have been subverted, however, to the extent that the subcommittee placed a two-year sunset on the aforementioned surcharges. Assembly Budget Subcommittee 4 has yet to take action on the governor's surcharge proposal but appears ready to approve a plan that would impose the surcharge for a limited duration.

In addition, Senate Judiciary Committee Chair [Martha Escutia](#) has a measure, [SB 1732](#), that would (among other things) increase civil filing fees by an as yet unspecified amount to generate funds to help finance trial court facilities construction and renovation. SB 1732 cleared the Senate Judiciary Committee on Tuesday by a 5-1 vote. The measure has been referred to the Senate Appropriations Committee.